

**Transportation Revenue Alternatives**  
**Prepared for the Transportation Funding Task Force**  
**(not complete; draft for illustrative purposes only)**

Alternative	Yield Range	Constitutional Amendment/Legislation	Advantages/Disadvantages/Comments
<b>VEHICLE REGISTRATION TAXES</b>			
<u>Existing Law</u>			<ul style="list-style-type: none"> <li>Costs \$92 million/year to collect, or \$9/vehicle.</li> <li>Approx. \$76 million paid through registration taxes; rest from other driver-related charges (titles, plate transfers, etc.)</li> </ul>
Autos: Ad valorem 0.5% base price, then declining + \$8 surtax			50% discount for handicapped
Motorcycles: \$23/year+\$3 surtax			
Trailers: \$75-\$300 based on weight			Registration is permanent and non-transferable.
GVW over 8,000 lbs: minimum \$491, ranging up to \$3,117 for 164,000 lbs.			Discounts for farm, milk & log trucks
<u>Registration Tax Alternatives</u>	<u>Alternative Potential Yield</u>		
1) Straight rate increase	50% increase would yield approx \$470/year		Annual fee for average car would rise from \$96 to \$142.
2) Progressive increase	\$330 million based on 25% increase for least expensive cars and 100% increase for most expensive.		<ul style="list-style-type: none"> <li>Affects owners of expensive cars and light trucks more than others.</li> <li>Does not affect heavy trucks.</li> <li>Increases revenue faster than now</li> <li>Will gradually affect more middle income households as the price of new cars inflates</li> </ul>
3) Abolish three 10-per-cent decrements in ad valorem	\$50 million/year if applied only to newly registered vehicles		<ul style="list-style-type: none"> <li>Could be applied to all vehicles, but with more effect on older vehicles.</li> <li>Yields equivalent of a straight 27.1% increase on cars and light trucks.</li> <li>Does not affect heavy trucks.</li> </ul>
4) Collect registration tax upon plate transfer	\$24 million/year		<ul style="list-style-type: none"> <li>Current transfer fee \$8 (to Department of State)</li> <li>New ad valorem charged when plate expires</li> </ul>
5) Tax recreational trailers same as motor homes	Up to \$5 million/year		<ul style="list-style-type: none"> <li>Switch towed recreational trailers from weight-based</li> </ul>

			<p>registrations (as other trailers are taxed) to ad valorem (as motor homes are taxed).</p> <ul style="list-style-type: none"> <li>• Tax at same level as other light motor vehicles: 0.5%</li> <li>• Apply only to new or re-sold trailers not carrying permanent plates.</li> <li>• Perhaps up to \$5 million depending on the value of recreational trailers sold in Michigan.</li> </ul>
5) Index registration to inflation			<ul style="list-style-type: none"> <li>• Index to established measures, such as CPI</li> <li>• Could apply only to weight-based or to all, including ad valorem</li> <li>• Ad valorem adjusts with the base price of vehicles registered; the weight-based taxes have not been adjusted in many years.</li> </ul>
6) Annual flat increase	\$25 increase would yield approx. \$25 million		<ul style="list-style-type: none"> <li>• Apply to some or all classes of vehicles</li> <li>• Could be temporary or permanent</li> <li>• Current taxes include \$8 surtax to Secretary of State and State Policy</li> </ul>
7) Change basis of ad valorem calculation from base price to 1) price after options added or 2) price as reported for sales tax purposes	Unknown; marginal increase over existing		<ul style="list-style-type: none"> <li>• Administrative costs would probably rise</li> <li>• Would make registration tax more explicitly a personal property tax</li> </ul>
8) Eliminate registration discounts for farm, milk, and log trucks; municipal and publicly-owned vehicles, and others	\$_____		
9) Registration fees could be based on vehicles' emissions of pollutants or carbon dioxide	Any amount depending on base and rate		<ul style="list-style-type: none"> <li>• Those paying the most fuel tax would also pay the highest registration fees.</li> <li>• Would disproportionately affect drivers traveling few miles each year, such as the elderly, because it does not vary with usage.</li> <li>• This tax would fall heavily on all classes of truck users. Revenue would fall as the vehicle fleet improves in efficiency.</li> </ul>
10) Multiplier for additional registrations	Any amount depending on multiplier rate		For each vehicle registered at the same address, incrementally increase the registration fee using a multiplier for each vehicle beyond the first (the second vehicle would be charged 1.1 times its normal fee; the third 1.25; the fourth 1.5; etc.)

			Affects greatest for multiple car (perhaps multiple worker) households

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